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LAMAR COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2025

ST. CLAIR CPA, PLLC
Carriere, MS

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INDEPENDENT AUDITOR'S REPORT

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Lamar County School District

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lamar County School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lamar County School District's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lamar County School District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Lamar County School District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lamar County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lamar County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lamar County School District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 9-16, 59, 60, 61, 62 and 63 respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lamar County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the

basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years but does not include the basic financial statements and my auditor’s report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 27, 2026, on my consideration of the Lamar County School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lamar County School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lamar County School District's internal control over financial reporting and compliance.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
March 27, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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LAMAR COUNTY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2025

The following discussion and analysis of the School District’s financial performance provides an overview of the School District’s financial activities for the year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District’s performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District’s financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2025 decreased \$16,369,751, including a change in accounting principle of (\$2,255,074), and an error correction of (\$267,588), which represents a 28% decrease from fiscal year 2024. Total net position for 2024 decreased \$23,652,148, including an error correction of (\$997,259), which represents a 69% decrease from fiscal year 2023.
- General revenues amounted to \$119,458,635 and \$109,430,294, or 85% and 79% of all revenues for fiscal years 2025 and 2024, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$20,501,020, or 15% of total revenues for 2025, and \$28,927,261, or 21% of total revenues for 2024.
- The District had \$153,806,744 and \$161,012,444 in expenses for fiscal years 2025 and 2024; only \$20,501,020 for 2025 and \$28,927,261 for 2024 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$119,458,635 for 2025 and \$109,430,294 for 2024 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$114,358,566 in revenues and \$106,090,111 in expenditures for 2025, and \$104,894,601 in revenues and \$97,355,142 in expenditures in 2024. The General Fund’s fund balance increased by \$6,414,577 from 2024 to 2025, and increased by \$5,733,539 from 2023 to 2024.
- Capital assets, net of accumulated depreciation/amortization, increased by \$4,032,670 for 2025 and increased by \$2,059,800 for 2024. The increase for 2025 was due to the addition of construction in progress, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment and subscription IT assets coupled with the increase in accumulated depreciation/amortization.
- Long-term debt increased by \$98,411,609 for 2025 and decreased by \$2,288,538 for 2024. This increase for 2025 was due primarily to the issuance of general obligations bond. The liability for compensated absences increased by \$2,342,420 for 2025, including a change in accounting principle of \$2,255,074, and decreased by \$168,365 for 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District’s basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District’s finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District’s nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as “net position.” Over time, increases or decreases in the

District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense, and interest on long-term liabilities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds – All of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

A net pension liability and net OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial

statements, but are reported as expenditures on the governmental funds financial statements.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions (PERS), Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required by the Governmental Accounting Standards Board.

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$74,082,959 as of June 30, 2025.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a summary of the District's net position at June 30, 2025 and June 30, 2024.

Table 1
Condensed Statement of Net Position

	June 30, 2025	June 30, 2024	Percentage Change
Current assets	\$ 42,556,824	\$ 38,468,215	10.63 %
Restricted assets	124,285,039	26,670,506	366.00 %
Lease receivable	12,735,608	12,715,697	0.16 %
Capital assets, net	96,806,549	92,773,879	4.35 %
Total assets	276,384,020	170,628,297	61.98 %
Deferred outflows of resources	35,220,350	73,280,593	(51.94) %
Current liabilities	2,107,910	3,094,585	(31.88) %
Long-term debt outstanding	116,357,737	18,243,603	537.80 %
SBITA liability	297,475	0	N/A %
Net OPEB liability	6,796,010	6,987,972	(2.75) %
Net pension liability	233,394,186	245,932,877	(5.10) %
Total liabilities	358,953,318	274,259,037	30.88 %
Deferred inflows of resources	26,734,012	27,363,061	(2.30) %
Net position:			
Net investment in capital assets	83,521,936	78,443,493	6.47 %
Restricted	31,694,335	32,701,354	(3.08) %
Unrestricted	(189,299,230)	(168,858,055)	(12.11) %
Total net position	\$ (74,082,959)	\$ (57,713,208)	(28.36) %

The error correction explained in Note 11 is not material to the government-wide financial statements and management has elected to not restate the prior period information. The District implemented GASB 101, Compensated Absences, which is a change in accounting principle explained in Note 11 which does not require retroactive restatement.

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and OPEB, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (189,299,230)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	219,782,751
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 30,483,521</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- Increase in net capital assets in the amount of \$4,032,670.
- The principal retirement of \$6,819,345 of long-term debt.
- The issuance of \$99,410,000 in general obligation bonds.
- The increase in the compensated absences liability in the amount of \$2,342,420 due to the implementation of GASB 101, Compensated Absences.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2025 and June 30, 2024 were \$139,959,655 and

\$138,357,555, respectively. The total cost of all programs and services was \$153,806,744 for 2025 and \$161,012,444 for 2024.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024.

Table 2
Changes in Net Position

	<u>Year Ended</u> <u>June 30, 2025</u>	<u>Year Ended</u> <u>June 30, 2024</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 4,311,425	\$ 4,396,165	(1.93) %
Operating grants and contributions	16,189,595	23,131,096	(30.01) %
Capital Grants and Contributions	0	1,400,000	(100.00) %
General revenues:			
Property taxes	42,928,469	41,371,341	3.76 %
Grants and contributions not restricted	72,255,532	64,079,488	12.76 %
Investment earnings	1,478,169	1,246,431	18.59 %
Sixteenth section sources	2,629,451	2,643,435	(0.53) %
Other	167,014	89,599	86.40 %
Total revenues	<u>139,959,655</u>	<u>138,357,555</u>	1.16 %
Expenses:			
Instruction	68,551,958	67,453,253	1.63 %
Support services	40,721,977	38,748,704	5.09 %
Non-instructional	4,674,062	4,767,912	(1.97) %
Sixteenth section	195,981	219,059	(10.54) %
Pension expense	37,234,360	49,203,644	(24.33) %
OPEB expense	(171,079)	(283,835)	39.73 %
Interest on long-term liabilities	2,599,485	903,707	187.65 %
Total expenses	<u>153,806,744</u>	<u>161,012,444</u>	(4.48) %
Increase (Decrease) in net position	<u>(13,847,089)</u>	<u>(22,654,889)</u>	38.88 %
Net Position, July 1, as previously reported	<u>(57,713,208)</u>	<u>(34,061,060)</u>	(69.44) %
Change in accounting principle	(2,255,074)	0	N/A
Error correction	<u>(267,588)</u>	<u>(997,259)</u>	73.17 %
Net Position, July 1, as restated	<u>(60,235,870)</u>	<u>(35,058,319)</u>	(71.82) %
Net Position, June 30	<u>\$ (74,082,959)</u>	<u>\$ (57,713,208)</u>	(28.36) %

The error correction explained in Note 11 is not material to the government-wide financial statements and management has elected to not restate the prior period information. The District implemented GASB 101, Compensated Absences, which is a change in accounting principle explained in Note 11 which does not require retroactive restatement.

Governmental activities

The following table presents the cost of 7 major District functional activities: instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2025	2024	
Instruction	\$ 68,551,958	\$ 67,453,253	1.63 %
Support services	40,721,977	38,748,704	5.09 %
Non-instructional	4,674,062	4,767,912	(1.97) %
Sixteenth section	195,981	219,059	(10.54) %
Pension Expense	37,234,360	49,203,644	(24.33) %
OPEB Expense	(171,079)	(283,835)	39.73 %
Interest on long-term liabilities	2,599,485	903,707	187.65 %
Total expenses	\$ 153,806,744	\$ 161,012,444	(4.48) %

	Net (Expense) Revenue		Percentage Change
	2025	2024	
Instruction	\$ (58,554,305)	\$ (53,306,575)	(9.84) %
Support services	(36,315,392)	(31,948,447)	(13.67) %
Non-instructional	1,422,720	3,212,414	(55.71) %
Sixteenth section	(195,981)	(219,059)	10.54 %
Pension Expense	(37,234,360)	(49,203,644)	24.33 %
OPEB Expense	171,079	283,835	(39.73) %
Interest on long-term liabilities	(2,599,485)	(903,707)	(187.65) %
Total net (expense) revenue	\$ (133,305,724)	\$ (132,085,183)	(0.92) %

- Net cost of governmental activities (\$133,305,724 for 2025 and \$132,085,183 for 2024) was financed by general revenue, which is primarily made up of property taxes (\$42,928,469 for 2025 and \$41,371,34 for 2024) and state and federal revenues (\$72,255,532 for 2025 and \$64,079,488 for 2024). In addition, there was \$2,629,451 and \$2,643,435 in Sixteenth Section sources for 2025 and 2024, respectively.
- Investment earnings amounted to \$1,478,169 for 2025 and \$1,246,431 for 2024.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District’s governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District’s net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$165,163,997, an increase of \$102,926,102, which includes an error correction of (\$34,695) and an increase in inventory of \$7,385. \$31,036,590 or 19% of the fund balance is unassigned, which represents the residual classification for the General Fund’s fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$134,127,407 or 81% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the

fiscal year was \$6,414,577. The fund balance of Other Governmental Funds showed a decrease in the amount of \$3,204,428, which includes an increase in reserve for inventory of \$7,385. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
2025 Capital Projects Fund	\$	99,282,268
16th Section Principal Fund	\$	433,685

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

A schedule showing the original and final budget amounts compared to the District’s actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2025, the District’s total capital assets were \$161,075,078, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and subscription IT assets. This amount represents an increase of \$8,056,624 from 2024. Total accumulated depreciation and amortization as of June 30, 2025, was \$64,268,529, and total depreciation and amortization expense for the year was \$4,199,927, resulting in total net capital assets of \$96,806,549.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage Change</u>
Land	\$ 1,340,353	\$ 1,320,353	1.51 %
Construction in Progress	1,419,977	2,339,200	(39.30) %
Buildings	74,429,481	76,384,433	(2.56) %
Building improvements	5,090,133	1,826,491	178.68 %
Improvements other than buildings	6,197,920	4,390,054	41.18 %
Mobile equipment	6,138,837	5,419,433	13.27 %
Furniture and equipment	1,887,316	1,093,915	72.53 %
Subscription IT assets	302,532	0	N/A
Total	\$ 96,806,549	\$ 92,773,879	4.35 %

Additional information on the District’s capital assets can be found in Notes 5 and 6 included in this report.

Debt Administration. At June 30, 2025, the District had \$116,655,212 in outstanding long-term debt, of which \$3,547,045 is due within one year. The liability for compensated absences increased \$2,342,420, including a change in accounting principle of \$2,255,074 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 99,410,000	\$ 3,550,000	2,700.28 %
Premiums	2,594,146	80,179	3,135.44 %
Discounts	(522,253)	0	N/A
Three mill notes payable	10,070,000	11,990,000	(16.01) %
Subscription IT liabilities	297,475	0	N/A
Other loans payable	1,365,000	1,525,000	(10.49) %
Compensated absences payable	3,440,844	1,098,424	213.25 %
Total	<u>\$ 116,655,212</u>	<u>\$ 18,243,603</u>	539.43 %

Additional information on the District's long-term debt can be found in Notes 6 and 7 included in this report.

CURRENT ISSUES

The Lamar County School District is financially stable. The district is proud of its community support of the public schools. The district has committed itself to financial excellence for many years. The district's system of financial planning, budgeting, and internal financial controls is well regarded. The district plans to continue its sound financial management to meet the challenges and to embrace the opportunities of the future.

The district actively pursues grant funding to supplement the local, state, and federal revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the School District, P.O. Box 609. Purvis, Mississippi 39475.

BASIC FINANCIAL STATEMENTS

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LAMAR COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 39,983,733
Due from other governments	2,456,818
Lease receivable (Note 6)	12,735,608
Inventories	116,273
Restricted assets (Note 4)	124,285,039
Non-depreciable capital assets (Note 5)	
Land	1,340,353
Construction in progress	1,419,977
Depreciable and amortizable capital assets, net (Notes 5 and 6)	
Buildings	74,429,481
Building improvements	5,090,133
Improvements other than buildings	6,197,920
Mobile equipment	6,138,837
Furniture and equipment	1,887,316
Subscription based IT assets	302,532
Total Assets	<u><u>276,384,020</u></u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 9)	32,242,130
Deferred outflow - OPEB (Note 10)	2,330,733
Deferred outflow - advance refunding on bonds	647,487
Total Deferred Outflows of Resources	<u><u>35,220,350</u></u>
Liabilities	
Accounts payable and accrued liabilities	1,692,302
Due to other governments	152,578
Interest payable on long-term liabilities	263,029
Long-term liabilities (Due within one year)	
Capital related liabilities (Note 7)	3,020,000
Non-capital related liabilities (Note 7)	275,268
Unamortized bond premiums (Note 7)	103,766
Unamortized bond discount (Note 7)	(20,890)
SBITA liabilities (Note 6)	168,901
Net OPEB liability (Note 10)	309,438
Long-term liabilities (Due beyond one year)	
Capital related liabilities (Note 7)	107,825,000
Unamortized bond premium (Note 7)	2,490,380
Unamortized bond discount (Note 7)	(501,363)
Non-capital related liabilities (Note 7)	3,165,576
SBITA liabilities (Note 6)	128,574
Net OPEB liability (Note 10)	6,486,572
Net pension liability (Note 9)	233,394,186
Total Liabilities	<u><u>358,953,317</u></u>

The notes to the financial statements are an integral part of this statement.

LAMAR COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

Exhibit A

	<u>Governmental Activities</u>
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 9)	12,188,566
Deferred inflows - OPEB (Note 10)	1,976,852
Deferred inflow - leases (Note 6)	12,568,594
Total Deferred Inflows of Resources	<u>26,734,012</u>
Net Position	
Net investment in capital assets	83,521,936
Restricted net position	
Expendable	
School-based activities	4,151,265
Debt service	3,569,643
Capital Projects	21,334
Forestry improvements	73,491
Unemployment benefits	200,000
Non-expendable	
Sixteenth section	23,678,602
Unrestricted	<u>(189,299,230)</u>
Total Net Position	<u>\$ (74,082,959)</u>

The notes to the financial statements are an integral part of this statement.

LAMAR COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 68,551,958	2,960,529	7,037,124	(58,554,305)
Support services	40,721,977	0	4,406,585	(36,315,392)
Non-instructional	4,674,062	1,350,896	4,745,886	1,422,720
Sixteenth section	195,981			(195,981)
Pension expense	37,234,360			(37,234,360)
OPEB expense	(171,079)			171,079
Interest on long-term liabilities	2,599,485			(2,599,485)
Total Governmental Activities	<u>153,806,744</u>	<u>4,311,425</u>	<u>16,189,595</u>	<u>(133,305,724)</u>
General Revenues				
Taxes				
				37,039,164
				5,889,305
Unrestricted grants and contributions				
				71,884,602
				370,930
				1,478,169
				2,629,451
				167,014
				<u>119,458,635</u>
Changes in Net Position				
				<u>(13,847,089)</u>
Net Position - Beginning, as previously reported				
				(57,713,208)
Change in accounting principle (Note 11)				
				(2,255,074)
Adjustments or restatements (Note 11)				
				(267,588)
Net Position - Beginning - as restated				
				<u>(60,235,870)</u>
Net Position - Ending				
				<u>\$ (74,082,959)</u>

The notes to the financial statements are an integral part of this statement.

LAMAR COUNTY SCHOOL DISTRICT
 Balance Sheet - Governmental Funds
 June 30, 2025

Exhibit C

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>2025 Capital Projects Fund</u>	<u>16th Section Principal Fund</u>	<u>Other Governmental Funds</u>	
Assets					
Cash and cash equivalents (Note 2)	\$ 34,688,629	99,209,967	1,824,782	8,694,541	144,417,919
Investments (Note 2)			19,850,853		19,850,853
Due from other governments	1,263,116	72,301		1,121,401	2,456,818
Lease receivable (Note 6)	12,735,608				12,735,608
Due from other funds (Note 3)	1,941,963			331,461	2,273,424
Advances to other funds (Note 3)			3,115,000		3,115,000
Inventories				116,273	116,273
Total Assets	<u>50,629,316</u>	<u>99,282,268</u>	<u>24,790,635</u>	<u>10,263,676</u>	<u>184,965,895</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable & accrued liabilities	1,013,739			678,563	1,692,302
Due to other funds (Note 3)	7,618		1,112,033	1,153,773	2,273,424
Advances from other funds (Note 3)	3,115,000				3,115,000
Other payables				152,578	152,578
Total Liabilities	<u>4,136,357</u>	<u>0</u>	<u>1,112,033</u>	<u>1,984,914</u>	<u>7,233,304</u>
Deferred Inflows of Resources					
Leases (Note 6)	12,568,594				12,568,594
Total Deferred Inflows of Resources	<u>12,568,594</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,568,594</u>
Fund Balances					
Nonspendable					
Inventory				116,273	116,273
Permanent fund principal			20,563,602		20,563,602
Advances			3,115,000		3,115,000

The notes to the financial statements are an integral part of this statement.

LAMAR COUNTY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2025

Exhibit C

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>2025 Capital Projects Fund</u>	<u>16th Section Principal Fund</u>	<u>Other Governmental Funds</u>	
Restricted					
Debt service				3,832,672	3,832,672
Capital projects		99,282,268		21,334	99,303,602
Forestry improvements				73,491	73,491
Unemployment benefits				200,000	200,000
Grant activities				4,034,992	4,034,992
Assigned					
School activities	1,503,109				1,503,109
School grants	884,666				884,666
Insurance deductibles	500,000				500,000
Unassigned	31,036,590				31,036,590
Total Fund Balances	<u>33,924,365</u>	<u>99,282,268</u>	<u>23,678,602</u>	<u>8,278,762</u>	<u>165,163,997</u>
Total Liabilities and Fund Balances	<u>\$ 38,060,722</u>	<u>99,282,268</u>	<u>24,790,635</u>	<u>10,263,676</u>	<u>172,397,301</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 50,629,316</u>	<u>99,282,268</u>	<u>24,790,635</u>	<u>10,263,676</u>	<u>184,965,895</u>

The notes to the financial statements are an integral part of this statement.

LAMAR COUNTY SCHOOL DISTRICT
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 165,163,997
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Land	1,340,353
Construction in progress	1,419,977
Buildings	119,083,763
Building improvements	5,859,089
Improvement other than buildings	11,279,012
Mobile equipment	15,469,299
Furniture and equipment	6,086,765
Subscription IT based asset	536,820
Accumulated depreciation and amortization	<u>(64,268,529)</u>
	96,806,549
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(233,394,186)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	32,242,130
Deferred inflows of resources related to pensions	<u>(12,188,566)</u>
	20,053,564
Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net OPEB liability	(6,796,010)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to OPEB	2,330,733
Deferred inflows of resources related to OPEB	<u>(1,976,852)</u>
	353,881
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:	
General obligation bonds	(99,410,000)
Notes payable	(10,070,000)
Other loans payable	(1,365,000)
Subscription IT based obligations	(297,475)
Unamortized bond premiums	(2,594,146)
Unamortized bond discounts	522,253
Compensated absences	(3,440,844)
Advance refunding on bonds	647,487
Accrued interest payable	<u>(263,029)</u>
	<u>(116,270,754)</u>
Total Net Position - Governmental Activities	<u>\$ (74,082,959)</u>

The notes to the financial statements are an integral part of this statement.

LAMAR COUNTY SCHOOL DISTRICT

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2025

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	2025 Capital Projects Fund	16th Section Principal Fund		
Revenues					
Local sources	\$ 41,037,687	72,301		7,607,575	48,717,563
State sources	71,884,602			2,764,437	74,649,039
Federal sources	370,930			13,425,658	13,796,588
Sixteenth section sources	1,065,347		1,545,719	18,385	2,629,451
Total Revenues	<u>114,358,566</u>	<u>72,301</u>	<u>1,545,719</u>	<u>23,816,055</u>	<u>139,792,641</u>
Expenditures					
Instruction	65,329,201			9,142,104	74,471,305
Support services	38,941,403			5,493,396	44,434,799
Noninstructional services	22,899			6,388,852	6,411,751
Sixteenth section	184,569			11,412	195,981
Facilities acquisition and construction	1,230,804			3,496,830	4,727,634
Debt service					
Principal (Notes 6 and 7)	238,835			6,580,510	6,819,345
Interest	142,400	1,651,527		482,155	2,276,082
Other		620,399		17,660	638,059
Total Expenditures	<u>106,090,111</u>	<u>2,271,926</u>	<u>0</u>	<u>31,612,919</u>	<u>139,974,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,268,455</u>	<u>(2,199,625)</u>	<u>1,545,719</u>	<u>(7,796,864)</u>	<u>(182,315)</u>
Other Financing Sources (Uses)					
Bonds and notes issued (Note 7)		99,410,000		950,000	100,360,000
Premium on bonds issued (Note 7)		2,594,146			2,594,146
SBITAs issued (Note 6)	535,348			1,472	536,820
Gain on Termination of Lease	167,014				167,014

The notes to the financial statements are an integral part of this statement.

LAMAR COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025

Exhibit D

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>2025 Capital Projects Fund</u>	<u>16th Section Principal Fund</u>	<u>Other Governmental Funds</u>	
Operating transfers in (Note 3)	1,545,036			4,546,276	6,091,312
Operating transfers out (Note 3)	(4,066,581)		(1,112,034)	(912,697)	(6,091,312)
Discount on bonds issued (Note 7)		(522,253)			(522,253)
Total Other Financing Sources (Uses)	<u>(1,819,183)</u>	<u>101,481,893</u>	<u>(1,112,034)</u>	<u>4,585,051</u>	<u>103,135,727</u>
Net Change in Fund Balances	<u>6,449,272</u>	<u>99,282,268</u>	<u>433,685</u>	<u>(3,211,813)</u>	<u>102,953,412</u>
Fund Balances					
July 1, 2024, as previously reported	27,509,788		23,244,917	11,483,190	62,237,895
Adjustments or restatements (Note 11)	(34,695)				(34,695)
July 1, 2024, as restated	<u>27,475,093</u>	<u>0</u>	<u>23,244,917</u>	<u>11,483,190</u>	<u>62,203,200</u>
Increase in reserve for inventory				7,385	7,385
June 30, 2025	<u>\$ 33,924,365</u>	<u>99,282,268</u>	<u>23,678,602</u>	<u>8,278,762</u>	<u>165,163,997</u>

The notes to the financial statements are an integral part of this statement.

LAMAR COUNTY SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
 and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2025

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balance - Governmental Funds	\$102,953,412
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, those amounts are:	
Capital outlay and subscription IT based assets	8,516,553
Depreciation expense and amortization expense	<u>(4,199,927)</u>
	4,316,626
In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(51,063)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:	
Bonds and notes issued	(100,360,000)
Premium of bond issued	(2,594,146)
Discount on bond issued	522,253
Subscription IT based liability issued	(536,820)
Payments of debt principal	6,819,345
Accrued interest payable	<u>(103,965)</u>
	(96,253,333)
Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:	
Pension expense	(37,234,360)
Contributions made subsequent to the measurement date	<u>12,240,511</u>
	(24,993,849)
Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:	
OPEB expense	171,079
Contributions made subsequent to the measurement date	<u>309,438</u>
	480,517
Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:	
Change in compensated absences	(87,346)
Change in inventory reserve	7,385
Amortization of deferred charges, premiums and discounts	<u>(219,438)</u>
	<u>(299,399)</u>
Changes in Net Position of Governmental Activities	<u>\$ (13,847,089)</u>

The notes to the financial statements are an integral part of this statement.

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LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, Lamar County School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

Fund Financial Statements - Separate financial statements are provided for governmental financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

2025 Capital Projects Fund - This fund is used to account for construction and renovation projects in the school district and is financed with the proceeds of general obligation bonds.

16th Section Principal Fund - This fund is used to account for the non-expendable resources generated from the sale of non-renewable resources on sixteenth section lands.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent Funds - Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred,

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi Student Funding Formula are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2014*, issued by the U.S. Department of Education.

D. Encumbrances

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds”(i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending

LAMAR COUNTY SCHOOL DISTRICT
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For Year Ended June 30, 2025

beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Subscription IT asset	**	**

(**) A capitalization threshold has not been set for the right to use subscription IT assets. Right to use subscription IT assets will be amortized in a rational and systematic manner over the shorter of the subscription term of the useful life of the underlying subscription IT asset. See Note 6 for further details.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows are directly related to pension reporting, OPEB reporting and advance refunding of general obligations bonds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows are directly related to pension reporting, OPEB reporting and the deferred inflow of resources related to 16th section future lease payments.

See Notes 6, 9, 10 and 14 for further details.

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next, the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, and the leave that has been used but not yet been paid in cash or settled through noncash means. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

9. Leases

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases (GASB 87) to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

When acting as the lessor for the leasing of sixteenth section trust lands, the school district uses the minimum, of 4% interest required by Mississippi statute for sixteenth section loans to calculate the net present value of future sixteenth section lease payments. When acting as the lessee, the school district uses the federal prime lending rate to calculate the present value of lease payments if the rate implicit in the lease is not known.

10. Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs. GASB 96 was implemented during fiscal year 2023.

11. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 7 for details.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments

LAMAR COUNTY SCHOOL DISTRICT
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For Year Ended June 30, 2025

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

14. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is documented in the board minutes of the school board. Currently there is not committed fund balance for this school district.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by school district management pursuant to authorization established by the school board.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

unassigned amounts.

It is the goal of the school district to achieve and maintain an undesignated fund balance in the General Fund at the end of the fiscal year of not less than 5% of total revenues in the General Fund.

15. Accounting Standards Update

GASB 101, Compensated Absences, was implemented during the 2025 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$144,417,919.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

Investments

As of June 30, 2025, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Fidelity Money Market	N/A	< 1 year	\$ 1,540,270
Certificate of Deposit	N/A	< 1 year	50,006
Corporate Bonds	AA-	1 to 5	573,354
Government Agency Bonds	AA+	1 to 5	4,849,224
	AA+	5 to 10	5,564,175
	AA+	> 10	160,267
Taxable Municipal Bonds	AA	1 to 5	2,382,306
	AA	5 to 10	900,131
	AA	> 10	227,018
Mortgaged Back Securities	AA+	1 to 5	1,057,227
	AA+	5 to 10	1,078,545
	AA+	> 10	1,468,330
Total			<u>\$ 19,850,853</u>

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The district has the following recurring fair value measurements as of June 30, 2025: Investments of \$19,850,853 are valued at quoted market prices (Level 1 inputs).

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2025, the district did not have any investments to which this would apply.

Note 3 – Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
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A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	16th Section Principal Fund	\$ 1,112,033
	Other governmental funds	829,930
Other governmental funds	General Fund	7,618
	Other governmental funds	<u>323,843</u>
Total		<u>\$ 2,273,424</u>

The purpose of the inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments and to transfer interest earned on investments in the 16th Section Principal Fund.

B. Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
16th Section Principal Fund	General Fund	<u>\$ 3,115,000</u>

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2025 is 4 percent.

The following is a schedule by years of the total payments due on this debt:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2026	\$ 445,000	124,600	569,600
2027	445,000	106,800	551,800
2028	445,000	89,000	534,000
2029	445,000	71,200	516,200
2030	445,000	53,400	498,400
2031 – 2032	<u>890,000</u>	<u>53,400</u>	<u>943,400</u>
Total	<u>\$ 3,115,000</u>	<u>498,400</u>	<u>3,613,400</u>

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 4,066,581
16th Section Principal Fund	General Fund	1,112,034
Other governmental funds	General Fund	433,002
	Other governmental funds	479,695
Total		<u>\$ 6,091,312</u>

The transfer out of the General Fund was for the purpose of funding unemployment compensation, vocational program, extended school year and other programs in the Other Governmental Funds. The transfer from the 16th Section Principal Fund to the General Fund was to transfer interest. The transfers to the General Fund from the Other Governmental Funds were for indirect costs. The transfer within the Other Governmental Funds was to fund debt service.

Note 4 – Restricted Assets

The restricted assets represent the cash balance and investment balance, totaling \$104,434,186 and \$19,850,853, respectively, of the Major Fund - Sixteenth Section Principal Fund (Permanent Fund) and special revenue, capital projects and debt service funds in other governmental funds which are legally restricted and may not be used for purposes that support the district’s programs.

Note 5 – Capital Assets

The following is a summary of changes in capital assets for governmental activities:

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
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	Balance 7/1/2024	Additions	Retirements	Completed Construction	Adjustments	Balance 6/30/2025
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 1,320,353	20,000				1,340,353
Construction in progress	2,339,200	4,233,595		(5,168,570)	15,752	1,419,977
Total non-depreciable capital assets	3,659,553	4,253,595	0	(5,168,570)	15,752	2,760,330
<u>Depreciable capital assets:</u>						
Buildings	118,857,262	226,501				119,083,763
Building improvements	2,122,808	384,203		3,352,078		5,859,089
Improvements other than buildings	9,243,145	219,375		1,816,492		11,279,012
Mobile equipment	14,059,386	1,593,962	(184,049)			15,469,299
Furniture and equipment	5,076,300	1,302,097	(291,632)			6,086,765
Total depreciable capital assets	149,358,901	3,726,138	(475,681)	5,168,570	0	157,777,928
<u>Less accumulated depreciation for:</u>						
Buildings	42,472,829	2,181,453				44,654,282
Building improvements	296,317	223,994			248,645	768,956
Improvements other than buildings	4,853,091	228,001				5,081,092
Mobile equipment	8,639,953	836,154	(145,645)			9,330,462
Furniture and equipment	3,982,385	496,037	(278,973)			4,199,449
Total accumulated depreciation	60,244,575	3,965,639	(424,618)	0	248,645	64,034,241
Total depreciable capital assets, net	89,114,326	(239,501)	(51,063)	5,168,570	(248,645)	93,743,687
Governmental activities capital assets, net	\$ 92,773,879	\$ 4,014,094	\$ (51,063)	\$ 0	\$ (232,893)	\$ 96,504,017
Subscription IT assets, net						<u>302,532</u>
Total capital assets, net, as reported in the statement of net position						<u>\$ 96,806,549</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Governmental activities:	
Instruction	\$ 2,082,565
Support services	1,683,192
Non-instructional	199,882
Total depreciation expense - Governmental activities	<u>\$ 3,965,639</u>

The details of construction-in-progress are as follows:

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

	Spent to June 30, 2025	Remaining Commitment
Governmental Activities:		
OGHS Volleyball Flooring Project	\$ 228,631	\$ 0
Various Flooring Projects (OGE, OGHS, PHS, SMS)	24,653	0
PHS Softball Facility Upgrades	25,000	0
Baxter Sewer Project	1,731	0
New Purvis High School	353,696	*
New Sumrall High School	507,476	*
New Oak Grove Middle School	278,790	*
Total governmental activities	\$ 1,419,977	\$ 0

*Contracts have not been executed for these projects.

The OGHS volleyball flooring project was not substantially complete at June 30, 2025 and retainage payable was still owed on that project. Additionally, the various flooring projects, PHS softball facility upgrades and Baxter sewer project are being performed in-house through the district's maintenance department.

Construction projects included in governmental activities are funded with proceeds from general obligation bonds and local funds.

Note 6 – Intangible Right-to-Use Leases and Subscription Based IT Assets

A summary of subscription IT asset activity during the year ended June 30, 2025 is as follows:

	Balance 7/1/2024	Additions	Remeasurements	Deductions	Balance 6/30/2025
Subscription IT assets	\$ 0	536,820			536,820
Less accumulated amortization	0	234,288			234,288
Subscription IT assets, net	0	302,532	0	0	302,532
Total subscription IT assets, net	\$ 0	302,532	0	0	302,532

Amortization expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 491
Support services	233,797
Total amortization expense - Governmental activities	\$ 234,288

A summary of subscription IT liabilities during the year ended June 30, 2025 is as follows:

	Balance 7/1/2024	Additions	Remeasurements	Deductions	Balance 6/30/2025	Amounts due within one year
Subscription IT liabilities	\$ 0	536,820		239,345	297,475	\$ 168,901

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

Leases

Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

The school district is a lessor for multiple leases on sixteenth section lands for residential, hunting and fishing, commercial and other leases. The lease maturities range from 1 – 52 years. The net present value of future lease payments has been calculated using the 4% statutory minimum rate the district would pay on sixteenth section permanent fund loans. At lease inception, the district records a lease receivable and a deferred inflow of resources for future lease payments. The lease receivable is reduced by the principal portion of the payments received over the term of the lease. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

The District has included in its financial statements at year end the net present value of \$12,735,608 for future lease payments as a lease receivable and a deferred inflows of resources of \$12,568,594.

The total amount of inflows of resources including lease revenue and interest revenue recognized during the current fiscal year is \$726,446.

The following are the future principal and interest payments to be received on the leases:

Year Ending June 30	Principal	Interest	Total
2026	\$ 580,792	\$ 509,424	\$ 1,090,216
2027	589,622	486,193	1,075,815
2028	598,485	462,608	1,061,093
2029	608,662	438,668	1,047,330
2030	619,870	414,322	1,034,192
2031 – 2035	3,004,592	1,704,442	4,709,034
2036 – 2040	2,416,388	1,141,680	3,558,068
2041 – 2045	2,062,887	685,833	2,748,720
2046 – 2050	1,167,000	331,405	1,498,405
2051 – 2055	511,521	174,356	685,877
2056 – 2060	404,350	80,036	484,386
2061 – 2065	171,391	13,445	184,836
2066 – 2070	17	8	25
2071 – 2075	21	4	25
2076 – 2077	10	1	11
Total	\$ 12,735,608	\$ 6,442,425	\$ 19,178,033

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
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SBITA

The school district has contracts for multiple subscription-based IT arrangements for items such as software, user seats and various site licenses. For contracts that have a maximum possible term of 12 months or less at commencement, the school district recognizes expenses based on the provisions of the contract. For all other contracts, other than short term, the school district recognizes subscription liability and a right to use subscription assets.

At commencement, the school district initially measures the liability at the present value of payments expected during the subscription term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalized implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the subscription asset is amortized in depreciation and amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset.

The school district generally uses its estimated incremental borrowing rate as the discount rate unless the rate that the vendor charges is known. The estimated incremental borrowing rate is the rate the district would be charged for borrowing the subscription payment amount during the subscription term.

The subscription term includes the noncancellable period of the contract plus any additional periods covered by either a school district or vendor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the school district and the vendor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the subscription term.

Description	Discount Rate	Term	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Subscription-based IT liabilities	4.0%	2-3 years	07/01/24	03/18/27	<u>\$ 536,820</u>	<u>\$ 297,475</u>

The following is a schedule by years of the total payments due on the Subscription-based IT assets:

Year Ending June 30	Principal	Interest	Total
2026	\$ 168,901	10,542	179,443
2027	128,574	5,143	133,717
Total	<u>\$ 297,475</u>	<u>\$ 15,685</u>	<u>\$ 313,160</u>

Note 7 – Long-term Liabilities

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

LAMAR COUNTY SCHOOL DISTRICT
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For Year Ended June 30, 2025

	Balance 7/1/2024	Additions	Reductions	Adjustment	Balance 6/30/2025	Amounts due within one year
A. General obligation bonds payable	\$ 3,550,000	99,410,000	3,550,000		99,410,000	1,800,000
Premium on bonds	80,179	2,594,146	80,179		2,594,146	103,766
Discount on bonds	0	(522,253)			(522,253)	(20,890)
B. Three mill notes payable	11,990,000	950,000	2,870,000		10,070,000	1,060,000
C. Other loans payable	1,525,000		160,000		1,365,000	160,000
D. Compensated absences payable	1,098,424	87,346		2,255,074	3,440,844	275,268
Total	<u>\$ 18,243,603</u>	<u>102,519,239</u>	<u>6,660,179</u>	<u>2,255,074</u>	<u>116,357,737</u>	<u>3,378,144</u>

A. General obligation bonds payable

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation refunding bonds, Series 2012	2.13%	12/3/2012	6/1/2025	\$ 9,985,000	0
2. General obligation bonds, Series 2025	5-5.25%	6/24/2025	6/1/2050	99,410,000	99,410,000
Total				<u>\$ 109,395,000</u>	<u>99,410,000</u>

1. General obligation refunding bonds, Series 2012

This debt was paid off during the current year from the 2005 Bond Issue Retirement (Debt Service Fund).

2. General obligation bonds, Series 2025:

The following is a schedule by years of the total payments due on this debt:

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Year Ending June 30	Principal	Interest	Total
2026	\$ 1,800,000	4,725,571	6,525,571
2027	650,000	4,958,087	5,608,087
2028	820,000	4,925,587	5,745,587
2029	1,005,000	4,884,588	5,889,588
2030	1,200,000	4,834,338	6,034,338
2031 – 2035	9,480,000	23,047,940	32,527,940
2036 – 2040	16,805,000	19,991,688	36,796,688
2041 – 2045	26,970,000	14,667,672	41,637,672
2046 – 2050	40,680,000	6,413,750	47,093,750
Total	\$ 99,410,000	88,449,221	187,859,221

This debt will be retired from the 2005 Bond Issue Retirement (Debt Service Fund).

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2025, the amount of outstanding bonded indebtedness was equal to 12.27% of property assessments as of October 1, 2024.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. 3 Mill Notes, 2013	3.0-5.0	9/5/2013	9/1/2026	\$ 17,900,000	1,845,000
2. 3 Mill Refunding Notes, Series 2017	2.5-4.0	12/20/2017	9/1/2033	9,280,000	8,225,000
1. 3 Mill Notes, 2023	4.78	9/25/2023	9/1/2024	900,000	0
Total				\$ 28,080,000	10,070,000

The following is a schedule by years of the total payments due on this debt:

1. Three mill notes, 2013:

Year Ending June 30	Principal	Interest	Total
2026	905,000	57,110	962,110
2027	940,000	19,505	959,505
Total	\$ 1,845,000	\$ 76,615	\$ 1,921,615

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This debt will be retired from the Three Mill Retirement Fund (Debt Service Fund).

2. Three mill refunding notes, Series 2017:

Year Ending			
June 30	Principal	Interest	Total
2026	155,000	231,749	386,749
2027	160,000	227,024	387,024
2028	1,145,000	207,449	1,352,449
2029	1,180,000	172,574	1,352,574
2030	1,215,000	136,649	1,351,649
2031 – 2034	4,370,000	202,136	4,572,136
Total	<u>\$ 8,225,000</u>	<u>\$ 1,177,581</u>	<u>\$ 9,402,581</u>

This debt will be retired from the Three Mill Retirement Fund (Debt Service Fund).

3. Three mill notes, 2023:

This debt was paid off during the current year from the Three Mill Retirement (Debt Service Fund).

Total three mill notes payable payments for all issues:

Year Ending			
June 30	Principal	Interest	Total
2026	\$ 1,060,000	288,859	\$ 1,348,859
2027	1,100,000	246,529	1,346,529
2028	1,145,000	207,449	1,352,449
2029	1,180,000	172,574	1,352,574
2030	1,215,000	136,649	1,351,649
2031 – 2034	4,370,000	202,136	4,572,136
Total	<u>\$ 10,070,000</u>	<u>\$ 1,254,196</u>	<u>\$ 11,324,196</u>

This debt is partially secured by an irrevocable pledge of building and bus fund revenues (\$323,843) the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33, Miss. Code Ann. (1972).

C. Other loans payable

The school district has issued debt instruments granted under the authority of the Educational Facilities Revolving Loan Fund (EFRLF) passed by the Mississippi Legislature designed to support public education infrastructure. The loan fund provides interest-free loans for public schools to use for facility improvements.

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Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. EFRLF loan, 2023	0%	5/1/2023	5/1/2033	\$ 750,000	600,000
2. EFRLF loan, 2024	0%	6/1/2024	5/31/2034	850,000	765,000
Total				<u>\$ 1,600,000</u>	<u>\$ 1,365,000</u>

The following is a schedule by years of the total payments due on this debt:

1. EFRLF loan, 2023:

Year Ending June 30	Principal	Interest	Total
2026	\$ 75,000	0	75,000
2027	75,000	0	75,000
2028	75,000	0	75,000
2029	75,000	0	75,000
2030	75,000	0	75,000
2031 – 2034	225,000	0	225,000
Total	<u>\$ 600,000</u>	<u>0</u>	<u>600,000</u>

This debt will be retired from the District Maintenance Fund (General Fund).

2. EFRLF loan, 2024:

Year Ending June 30	Principal	Interest	Total
2026	\$ 85,000	0	85,000
2027	85,000	0	85,000
2028	85,000	0	85,000
2029	85,000	0	85,000
2030	85,000	0	85,000
2031 – 2034	340,000	0	340,000
Total	<u>\$ 765,000</u>	<u>0</u>	<u>765,000</u>

This debt will be retired from the District Maintenance Fund (General Fund).

Total other loans payments for all issues:

LAMAR COUNTY SCHOOL DISTRICT
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Year Ending June 30	Principal	Interest	Total
2026	\$ 160,000	0	160,000
2027	160,000	0	160,000
2028	160,000	0	160,000
2029	160,000	0	160,000
2030	160,000	0	160,000
2031 – 2034	565,000	0	565,000
Total	\$ 1,365,000	0	1,365,000

D. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972).

Note 8 – Short-Term Financing

During the fiscal year ended June 30, 2025, the school district participated in the following short-term financings for the purpose of constructing a new high school:

A. Bank-financed short term debt.

The school district issued a limited tax note payable to Citizens Bank on August 16, 2024 with an interest rate of 5.05% and maturity date of June 1, 2025. The district made a payment consisting of principal and interest to Citizens Bank on May 28, 2025.

The proceeds received and repayment of debt are accounted for as part of the school district's 3 Mill Note Debt Service Fund.

B. Changes in short-term debt activity recorded in the governmental activities during fiscal year 2025 are as follows:

Description	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025
Limited Tax Note, Series 2024	\$ 0	950,000	950,000	0

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

LAMAR COUNTY SCHOOL DISTRICT
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Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2025 was 17.90% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2025, 2024 and 2023 were \$12,240,511, \$11,984,557 and \$12,612,031, respectively, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the school district reported a liability of \$233,394,186 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2025 net pension liability was .898796 percent, which was based on a measurement date of June 30, 2024. This was a decrease of .079017 percent from its proportionate share used to calculate the June 30, 2024 net pension liability, which was based on a measurement date of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$37,234,360. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,010,204	\$
Net difference between projected and actual earnings on pension plan investments	618,746	
Changes of assumptions	10,372,669	
Changes in proportion and differences between District contributions and proportionate share of contributions		12,188,566

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District contributions subsequent to the measurement date	12,240,511	
Total	\$ 32,242,130	\$ 12,188,566

\$12,240,511 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2026	\$3,553,598
2027	3,553,598
2028	551,171
2029	154,686

Actuarial assumptions. The total pension liability as of June 30, 2024 was determined by an actuarial valuation prepared as of June 30, 2023 and by the investment experience for the fiscal year ending June 30, 2024. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	%	<u>Long-Term Expected Real Rate of Return</u>	%
Domestic Equity	25.00	%	5.15	%
International Equity	20.00		5.00	

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Global Equity	12.00	5.15
Fixed Income	18.00	2.75
Real Estate	10.00	3.50
Private Equity	10.00	6.25
Infrastructure	2.00	3.85
Private Credit	2.00	4.90
Cash Equivalents	1.00	0.50
Total	100 %	

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be phased in to 19.90 percent over five fiscal years (17.90 percent for FYE 2025, 18.40 percent for FYE 2026, 18.90 percent for FYE 2027, 19.40 percent for FYE 2028, 19.90 percent for FYE 2029 and beyond). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District’s proportionate share of the net pension liability	\$ 302,512,830	\$ 233,394,186	\$ 176,825,808

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees’ Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees’ Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA

LAMAR COUNTY SCHOOL DISTRICT
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participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$309,438 for the year ended June 30, 2025.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2025, the District reported a liability of \$6,796,010 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2024, the District's proportion was 1.21621411 percent. This was a decrease of .04657736 percent from the proportionate share as of the measurement date of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$171,079). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,403,925	\$ 1,204,210
Changes of assumptions	267,932	518,788
Net difference between projected and actual earnings on OPEB plan investments	268	
Changes in proportion and differences between District contributions and proportionate share of contributions	349,170	253,854
District contributions subsequent to the measurement date	309,438	
Total	\$ 2,330,733	\$ 1,976,852

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For Year Ended June 30, 2025

\$309,438 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2026	\$ (163,480)
2027	(81,935)
2028	48,960
2029	139,154
2030	94,399
2031	7,345

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Year FNP is projected to be depleted	
Measurement Date	2024
Prior Measurement Date	2023
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Health Care Cost Trends	
Medicare Supplement Claims	6.00% for 2025 decreasing to an ultimate rate of 4.50% by 2029 FYE
Pre-Medicare	

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2024 valuation were based on the results of the last actuarial experience study, dated April 21, 2023.

LAMAR COUNTY SCHOOL DISTRICT
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The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2024 was 3.94 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.66% to 3.94%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2024, the trust has \$1,104,394. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2024 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.94 percent) or 1-percentage-point higher (4.94 percent) than the current discount rate:

	1% Decrease (2.94%)	Current Discount Rate (3.94%)	1% Increase (4.94%)
Net OPEB liability	\$ 7,408,593	\$ 6,796,010	\$ 6,261,423

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 6,347,847	\$ 6,796,010	\$ 7,295,643

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

Note 11 – Adjustments and Restatements of Beginning Balances

Change in Accounting Principle

During fiscal year 2025, the district implemented GASB 101, Compensated Absences, which resulted in an adjustment to the beginning net position in the government-wide financial statements of (\$2,255,074).

Correction of an Error in Previously Issued Financial Statements

LAMAR COUNTY SCHOOL DISTRICT
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An adjustment of \$34,695 was made to decrease a fiscal year 2024 receivable.

Adjustments totaling \$232,893 were made to construction in progress and capital assets (including leased equipment and SBITAs) to properly state account balances.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, a change in accounting principle, and error corrections resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Funds	Government-Wide
	General Fund	Governmental Activities
June 30, 2024, as previously reported	\$ 27,509,788	(57,713,208)
Change in accounting principle	0	(2,255,074)
Error correction	(34,695)	(267,588)
June 30, 2024, as adjusted or restated	\$ 27,475,093	(60,235,870)

Note 12 – Contingencies

Federal Grants – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

Litigation – The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district’s legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

Note 13 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 77 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes annually to a fund held in trust by Bank of America in Danville, Illinois. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 77 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes annually to a fund held in trust by Bank of America in Danville, Illinois. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

Note 14 – Effect of Deferred Amounts on Net Position

The net investment in capital assets net position amount of \$83,521,936 includes the effect of deferring the recognition of expenditures resulting from a deferred outflow from advance refunding of school district debt and deferred bond premiums. The \$647,487 balance of the deferred outflow of resources at June 30, 2025, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 8 years.

The unrestricted net position amount of (\$189,299,230) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$12,240,511 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The \$20,001,619 balance of deferred outflow of resources related to pensions, at June 30, 2025 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$189,299,230) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$12,188,566 balance of deferred inflow of resources related to pensions, at June 30, 2025 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$189,299,230) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$309,438 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. The \$2,021,295 balance of deferred outflow of resources related to OPEB, at June 30, 2025 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$189,299,230) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$1,976,852 balance of deferred inflow of resources related to OPEB, at June 30, 2025 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$189,299,230) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$12,568,594 balance of deferred inflow of resources related to leases, at June 30, 2025 will be recognized as revenue and will increase the unrestricted net position over the next 52 years.

Note 15 – Tax Abatement

On April 20, 2016, the Lamar County Board of Supervisors, the Lamar County Tax Assessor and Collector, the Lamar County Chancery Clerk and the Origis Energy USA, Inc. entered into an agreement for in lieu payments of ad valorem

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2025

taxes. The agreement provides for annual payments of one third of the taxes otherwise payable for the Origis Energy USA, Inc. property. The payment period will not exceed ten years pursuant to applicable state laws. The amount received by the Lamar County School District was \$970,590 for the 2024-2025 fiscal year and is anticipated to be approximately that each school year. The payment period is expected to terminate on or about the year 2029. The Lamar County Board of Supervisors is responsible for making the annual in lieu of ad valorem payment to the Lamar County School District.

Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Lamar County School District evaluated the activity of the district through March 27, 2026, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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LAMAR COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$ 42,090,967	41,037,687	41,037,687	(1,053,280)	0
State sources	71,553,020	71,884,602	71,884,602	331,582	0
Federal sources	28,000	370,930	370,930	342,930	0
Sixteenth section sources	1,190,000	1,191,097	1,065,347	1,097	(125,750)
Total Revenues	114,861,987	114,484,316	114,358,566	(377,671)	(125,750)
Expenditures					
Instruction	72,402,418	65,329,201	65,329,201	7,073,217	0
Support services	38,595,250	38,635,306	38,941,403	(40,056)	(306,097)
Noninstructional services	0	22,899	22,899	(22,899)	0
Sixteenth section	88,679	184,569	184,569	(95,890)	0
Facilities acquisition and construction	1,000,000	1,230,804	1,230,804	(230,804)	0
Debt service					
Principal	445,000	125,750	238,835	319,250	(113,085)
Interest	142,400	151,984	142,400	(9,584)	9,584
Total Expenditures	112,673,747	105,680,513	106,090,111	6,993,234	(409,598)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,188,240	8,803,803	8,268,455	6,615,563	(535,348)
Other Financing Sources (Uses)					
SBITAs issued	0	0	535,348	0	535,348
Gain on Termination of Lease	0	0	167,014	0	167,014
Operating transfers in	23,351,217	24,229,602	1,545,036	878,385	(22,684,566)
Operating transfers out	(24,644,408)	(26,751,148)	(4,066,581)	(2,106,740)	22,684,567
Total Other Financing Sources (Uses)	(1,293,191)	(2,521,546)	(1,819,183)	(1,228,355)	702,363
Net Change in Fund Balances			6,449,272		
Fund Balances					
July 1, 2024, as previously reported			27,509,788		
Adjustments or restatements			(34,695)		
July 1, 2024, as restated			<u>27,475,093</u>		
June 30, 2025			<u><u>\$33,924,365</u></u>		

The notes to the required supplementary information are an integral part of this schedule.

LAMAR COUNTY SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability
 PERS
 Last 10 Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of the net pension liability	0.898796%	0.977813%	0.918581%	0.874942%	0.853924%
District's proportionate share of the net pension liability	233,394,186	245,932,877	189,077,397	129,230,251	165,309,764
District's covered payroll	68,876,764	72,482,937	63,238,057	\$ 58,174,764	56,860,747
District's proportionate share of the net pension liability as a percentage of its covered payroll	338.86%	339.30%	298.99%	222.30%	290.73%
Plan fiduciary net position as a percentage of the total pension liability	56.30%	55.70%	59.93%	70.44%	58.97%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.826505%	0.839080%	0.773836%	0.748187%	0.743341%
District's proportionate share of the net pension liability	145,398,536	139,563,933	128,637,807	133,644,880	114,905,860
District's covered payroll	53,828,070	49,655,524	49,642,006	47,863,346	46,439,676
District's proportionate share of the net pension liability as a percentage of its covered payroll	270.12%	281.06%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented in FYE 6/30/2015 and the District has compiled a full 10-year trend.

LAMAR COUNTY SCHOOL DISTRICT
 Schedule of District Contributions
 PERS
 Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Contractually required contribution	12,240,511	11,984,557	12,612,031	11,003,422	10,122,409
Contributions in relation to the contractually required contribution	12,240,511	11,984,557	12,612,031	11,003,422	10,122,409
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	68,382,743	68,876,764	72,482,937	63,238,057	58,174,764
Contributions as a percentage of covered payroll	17.90%	17.40%	17.40%	17.40%	17.40%
	2020	2019	2018	2017	2016
Contractually required contribution	9,893,770	8,477,921	7,820,745	7,818,616	7,538,477
Contributions in relation to the contractually required contribution	9,893,770	8,477,921	7,820,745	7,818,616	7,538,477
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	56,860,747	53,828,070	49,655,524	49,642,006	47,863,346
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented in FYE 6/30/2015 and the District has compiled a full 10-year trend.

LAMAR COUNTY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
OPEB
Last 10 Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>
District's proportion of the net OPEB liability	1.21621411%	1.26279147%	1.26590105%
District's proportionate share of the net OPEB liability	\$ 6,796,010	\$ 6,987,972	\$ 6,236,892
Covered employee payroll	\$ 68,876,764	\$ 72,482,937	\$ 69,862,997
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	9.87%	9.64%	8.93%
Plan fiduciary net position as a percentage of the total OPEB liability	0.20%	0.19%	0.21%

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	1.21530399%	1.16986798%	1.15665205%	1.14650510%	1.05561916%
District's proportionate share of the net OPEB liability	7,822,693	9,104,006	9,814,667	8,868,791	8,282,483
Covered employee payroll	58,174,764	56,860,747	53,828,070	49,655,524	49,642,006
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	13.45%	16.01%	18.23%	17.86%	16.68%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.13%	0.12%	0.13%	0.00%

The notes to the required supplementary information are an integral part of this schedule.

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

LAMAR COUNTY SCHOOL DISTRICT
Schedule of District Contributions
OPEB
Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Actuarially determined contribution	309,438	297,076	306,413
Contributions in relation to the actuarially determined contribution	309,438	297,076	306,413
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>
Covered employee payroll	68,382,743	68,876,764	72,482,937
Contributions as a percentage of covered employee payroll	0.45%	0.43%	0.42%

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	254,167	314,422	363,066	393,402	353,095
Contributions in relation to the actuarially determined contribution	254,167	314,422	363,066	393,402	353,095
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered employee payroll	69,862,997	58,174,764	56,860,747	53,828,070	49,655,524
Contributions as a percentage of covered employee payroll	0.36%	0.54%	0.64%	0.73%	0.71%

The notes to the required supplementary information are an integral part of this schedule.

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

Budgetary Comparison Schedule

(1) Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) *Changes of assumptions*

2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016:

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77; for females, 84% of female rates up to age 72, 100% for ages above 76; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: for males, 134% of male rates at all ages; for females, 121% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: for males, 97% of male rates at all ages; for females, 110% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%. The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

2023:

The investment rate of return assumption was changed from 7.55% to 7.00%.

The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.

Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.

The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.

The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.

The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

(2) *Changes in benefit provisions*

2016:

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

(3) *Method and assumptions used in calculations of actuarially determined contributions.*

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2022 valuation for the June 30, 2024 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25.6 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

2017: The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

2019: The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

2020: The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

2021: The discount rate was changed from 2.19% for the prior Measurement Date to 2.13% for the current Measurement Date.

2022: The discount rate was changed from 2.13% for the prior Measurement Date to 3.37% for the current Measurement Date.

2023: The discount rate was changed from 3.37% for the prior Measurement Date to 3.66% for the current Measurement Date. Withdrawal rates, disability rates, service retirement rates and salary merit rates were adjusted to reflect actual experience more closely.

2024: The discount rate was changed from 3.66% for the prior Measurement Date to 3.94% for the current Measurement Date. Withdrawal rates, disability rates, service retirement rates and salary merit rates were adjusted to reflect actual experience more closely.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

2021: The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

2022: The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

2023: The schedule of monthly retiree contributions was increased as of January 1, 2024. In addition, the in-network medical deductible was increased for the Base Family coverage beginning January 1, 2024.

2024: The schedule of monthly retiree contributions was increased as of January 1, 2025. In addition, the medical deductible was increased for the Base Family coverage beginning January 1, 2025.

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2023 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2024:

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.40%
Salary increases, including wage inflation	2.65% to 17.90%
Initial health care cost trend rates	
Medicare Supplement Claims	6.50%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.50%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2029
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.66%

SUPPLEMENTARY INFORMATION

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LAMAR COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	255MS326N1099	\$ 1,610,376
National school lunch program	10.555	255MS326N1099	5,282,018
National school lunch program - commodities	10.555	255MS326N1099	157,443
Total national school lunch program			5,439,461
Summer food service program for children	10.559	255MS326N1099	21,980
Total child nutrition cluster			7,071,817
Total passed-through Mississippi Department of Education			7,071,817
Total U.S. Department of Agriculture			
7,071,817			
<u>U.S. Department of Defense</u>			
Direct program:			
Reserve officers' training corps	12.U01	N/A	66,542
Total U.S. Department of Defense			
66,542			
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010A	S010A240024	3,292,729
Career and technical education - basic grants to states	84.048A	V048A240024	149,041
Twenty first century community learning centers	84.287C	S287C240024	278,073
English language acquisition grants	84.365A	T365A240024	58,268
Supporting effective instruction - state grants	84.367A	S367A240023	745,163
Student support and academic enrichment program	84.424A	S424A240025	161,269
Total			4,684,543
Education stabilization funds:			
COVID-19 - Education stabilization fund (ESSER) ARP III	84.425U	S425U210031	859,062
COVID-19 - High quality instructional materials (ESSER) ARP III	84.425U	S425U210031	294,716
COVID-19 - ARP learn more (ESSER) ARP III	84.425U	S425U210031	98,945
Total education stabilization funds			1,252,723
Special education cluster:			
Special education - grants to states	84.027A	H027A240108	2,765,475
Total special education - grants to states			2,765,475
Special education - preschool grants	84.173A	H173A240113	106,293
Total special education - preschool grants			106,293
Total special education cluster			2,871,768
Total passed-through Mississippi Department of Education			8,809,034
Total U.S. Department of Education			
8,809,034			
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mississippi Department of Education:			
Medicaid cluster:			
Medical assistance program	93.778	N/A	27,532
Total Medicaid cluster			27,532
Total passed-through Mississippi Department of Education			27,532
Total U.S. Department of Health and Human Services			
27,532			

The notes to the Supplementary Information are an integral part of this schedule.

LAMAR COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social security disability insurance	96.001	N/A	1,414
Total Disability Insurance/SSI cluster			<u>1,414</u>
Total passed-through the Mississippi Department of Rehabilitation Services			<u>1,414</u>
Total U.S. Department of Social Security Administration			<u>1,414</u>
 Total for All Federal Awards			 <u>\$ 15,976,339</u>

The notes to the Supplementary Information are an integral part of this schedule.

LAMAR COUNTY SCHOOL DISTRICT
Notes to the Supplementary Information
For the Year Ended June 30, 2025

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

The School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

As allowed by federal regulations, the school district elected to transfer program funds. The district expended \$65,237.90 from Student Support and Academic Enrichment Program ALN# 84.424 on allowable activities of the Title I - Grants to Local Educational Agencies ALN# 84.010. This amount is reflected in the expenditures of Title I - Grants to Local Educational Agencies.

LAMAR COUNTY SCHOOL DISTRICT
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2025

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 93,670,621	78,285,164	2,521,021	6,177,137	6,687,299
Other	46,304,335	8,131,737	1,534,699	252,444	36,385,455
Total	<u>139,974,956</u>	<u>86,416,901</u>	<u>4,055,720</u>	<u>6,429,581</u>	<u>43,072,754</u>
Total number of students	<u>8,302</u>				
Cost per student	<u>\$ 16,860</u>	<u>10,409</u>	<u>489</u>	<u>774</u>	<u>5,188</u>

Notes to the schedule.

For purposes of this schedule, the following columnar descriptions are applicable:

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following function: Support Services - School Administration.

Other - includes all expenditure functions not included in Instruction or Administration Categories.

Total number of students - includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year.

OTHER INFORMATION

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LAMAR COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

UNAUDITED

	2025	2024*	2023*	2022*
Revenues				
Local sources	\$ 41,037,687	\$ 39,551,993	34,966,652	33,163,621
State sources	71,884,602	63,750,014	65,457,946	54,430,550
Federal sources	370,930	329,474	450,563	260,997
Sixteenth section sources	1,065,347	1,263,120	1,610,196	1,204,777
Total Revenues	<u>114,358,566</u>	<u>104,894,601</u>	<u>102,485,357</u>	<u>89,059,945</u>
Expenditures				
Instruction	65,329,201	60,719,557	58,869,887	54,097,282
Support services	38,941,403	35,019,330	33,712,277	29,996,044
Noninstructional services	22,899	22,458	24,233	5,840
Sixteenth section	184,569	143,411	123,145	138,571
Facilities acquisition and construction	1,230,804	1,290,186	868,616	454,072
Debt service				
Principal	238,835	0	0	0
Interest	142,400	160,200	226,274	270,470
Total Expenditures	<u>106,090,111</u>	<u>97,355,142</u>	<u>93,824,432</u>	<u>84,962,279</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,268,455</u>	<u>7,539,459</u>	<u>8,660,925</u>	<u>4,097,666</u>
Other Financing Sources (Uses)				
SBITAs issued	535,348	0	0	0
Insurance loss recoveries	0	89,599	59,554	82,112
Gain on termination of lease	167,014	0	0	0
Operating transfers in	1,545,036	1,875,235	1,173,477	557,115
Operating transfers out	(4,066,581)	(3,328,640)	(2,701,886)	(1,267,506)
Total Other Financing Sources (Uses)	<u>(1,819,183)</u>	<u>(1,363,806)</u>	<u>(1,468,855)</u>	<u>(628,279)</u>
Net Change in Fund Balances	<u>6,449,272</u>	<u>6,175,653</u>	<u>7,192,070</u>	<u>3,469,387</u>
Fund Balances:				
Beginning of period, as previously reported	27,509,788	21,776,249	14,584,179	11,114,792
Adjustments or restatements	(34,695)	(442,114)	0	0
Beginning of period, as restated	<u>27,475,093</u>	<u>21,334,135</u>	<u>14,584,179</u>	<u>11,114,792</u>
End of period	<u>\$ 33,924,365</u>	<u>\$ 27,509,788</u>	<u>21,776,249</u>	<u>14,584,179</u>

* Source - Prior year audit reports.

LAMAR COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

UNAUDITED

	2025	2024*	2023*	2022*
Revenues				
Local sources	\$ 48,717,563	\$ 47,013,937	41,360,535	38,313,783
State sources	74,649,039	67,475,431	67,825,789	57,319,403
Federal sources	13,796,588	21,135,153	22,878,815	22,842,073
Sixteenth section sources	2,629,451	2,643,435	2,305,906	1,266,032
Total Revenues	139,792,641	138,267,956	134,371,045	119,741,291
Expenditures				
Instruction	74,471,305	73,903,062	74,016,314	63,863,160
Support services	44,434,799	42,279,915	39,344,261	38,727,068
Noninstructional services	6,411,751	6,241,398	5,618,649	5,317,064
Sixteenth section	195,981	219,059	164,690	169,298
Facilities acquisition and construction	4,727,634	3,587,568	1,586,357	856,098
Debt service				
Principal	6,819,345	4,540,000	4,255,000	4,060,000
Interest	2,276,082	677,116	859,515	1,093,386
Other	638,059	19,164	3,400	4,150
Total Expenditures	139,974,956	131,467,282	125,848,186	114,090,224
Excess (Deficiency) of Revenues Over (Under) Expenditures	(182,315)	6,800,674	8,522,859	5,651,067
Other Financing Sources (Uses)				
Bonds and notes issued	100,360,000	2,500,000	0	0
Premium on bonds issued	2,594,146	0	0	0
SBITAs issued	536,820	0	0	0
Gain on termination of lease	167,014	0	0	0
Insurance loss recoveries	0	89,599	59,554	82,112
Operating transfers in	6,091,312	5,531,223	4,201,441	2,300,963
Operating transfers out	(6,091,312)	(5,531,223)	(4,201,441)	(2,300,963)
Discount on bonds issued	(522,253)	0	0	0
Total Other Financing Sources (Uses)	103,135,727	2,589,599	59,554	82,112
Net Change in Fund Balances	102,953,412	9,390,273	8,582,413	5,733,179
Fund Balances:				
Beginning of period, as previously reported	62,237,895	53,293,441	44,714,049	38,968,826
Adjustments or restatements	(34,695)	(442,114)	0	0
Beginning of period, as restated	62,203,200	52,851,327	44,714,049	38,968,826
Increase (Decrease) in reserve for inventory	7,385	(3,705)	(3,021)	12,044
End of period	\$ 165,163,997	\$ 62,237,895	53,293,441	44,714,049

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Superintendent and School Board
Lamar County School District

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities each major fund, and the aggregate remaining fund information of Lamar County School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Lamar County School District's basic financial statements, and have issued my report thereon dated March 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Lamar County School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lamar County School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Lamar County School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lamar County School District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

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However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

St. Clair CPA, PLLC

St. Clair CPA, PLLC

Carriere, MS

March 27, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Superintendent and School Board
Lamar County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Lamar County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lamar County School District's major federal programs for the year ended June 30, 2025. Lamar County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Lamar County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

I am required to be independent of Lamar County School District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Lamar County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lamar County School District's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lamar County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lamar County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I did

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lamar County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Lamar County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lamar County School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
March 27, 2026

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Lamar County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lamar County School District as of and for the year ended June 30, 2025, which collectively comprise Lamar County School District's basic financial statements and have issued my report thereon dated March 27, 2026. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of my procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. My findings and recommendations and Lamar County School District's responses are as follows:

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Finding No. 1 – Surety Bonds

CRITERIA: *Section 37-9-27, Mississippi Code Annotated (1972)*, requires the superintendent of any school district to furnish a good and sufficient surety bond in the penal sum of one hundred thousand dollars (\$100,000).

CONDITION: During the testing of surety bonds, I noted that the superintendent was bonded for only fifty thousand dollars (\$50,000).

CAUSE: Oversight of management to ensure the superintendent was bonded at the amount required by state law.

EFFECT: The district is not in compliance with *Section 37-9-27, Miss. Code of 1972*.

Recommendation: It is recommended that the district strengthen controls to ensure compliance with *Section 37-9-27, Mississippi Code Annotated (1972)* by monitoring and reviewing an accurate surety bond schedule at the beginning of each year.

DISTRICT'S RESPONSE: As a result of this finding, the Business Office has reviewed all outstanding fidelity bonds to ensure compliance with state laws. The district has also increased the Superintendent of Education's bond to \$100,000.

REPEAT FINDING: No.

Finding No. 2 – Payment and Performance Bond

CRITERIA: State law requires a performance bond payable to the school district and a payment bond payable to the school district in the amount of the contract for any bids that exceed \$25,000 as required by *Section 31-5-51, Miss. Code of 1972*.

CONDITION: During the testing of purchasing, I noted one (1) instance where a performance bond and payment bond were not obtained by the contractor for a contract in excess of \$25,000 as required by state law.

CAUSE: The cause of the condition was a failure to obtain a performance bond and payment bond from the contractor as required by state law.

EFFECT: The district is not in compliance with *Section 31-5-51, Miss. Code of 1972*.

RECOMMENDATION: It is recommended that management implement procedures to ensure performance bonds and payment bonds are obtained for all construction contracts over \$25,000.

DISTRICT'S RESPONSE: As a result of this finding, the Business Office has conducted a meeting internally with all bookkeepers to ensure compliance. Additionally, the Business Office has programmed the accounting software to notify the CFO of all requestions \geq \$25,000. This allows the CFO to discuss this with the Purchasing Manager and the applicable departments to determine if a payment bond and performance bond is necessary.

REPEAT FINDING: No.

Finding No. 3 – Delinquent 16th Section Leases

CRITERIA: *Section 29-3-57, Mississippi Code of 1972* states, in part, that "upon a sixty (60) day default in payment of any rentals according to the terms of such lease, the lease shall be declared terminated unless the board of education finds extenuating circumstances were present, and the board shall inaugurate the proper legal proceeding to terminate such lease".

CONDITION: During the testing of sixteenth section leases, I noted three (3) leases out of a sample of twenty-one were not terminated or otherwise addressed by the school board upon sixty (60) days of being delinquent.

CAUSE: The cause of the condition appears to be an oversight by management.

EFFECT: The district is not in compliance with *Section 29-3-57, Miss. Code of 1972*.

RECOMMENDATION: It is recommended that school board establish controls to ensure that upon a sixty (60) day default in payment of any 16th section rentals the lease shall be declared terminated or otherwise addressed by the board in accordance with state law.

DISTRICT'S RESPONSE: Prior to the end of the 2024-2025 fiscal year, the district's 16th Section Land Manager resigned. The role has since been filled and the new manager has received training. There has also been a clerk temporarily assigned to the department to assist with any emerging issues. The new 16th Section Land Manager is working diligently with the Superintendent, the School Board and Board counsel to act appropriately on any delinquent leases.

REPEAT FINDING: No.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

The Lamar County School District's responses to the findings included in this report were not audited and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

St. Clair CPA, PLLC

St. Clair CPA, PLLC

Carriere, MS

March 27, 2026

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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LAMAR COUNTY SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2025

Section I: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 3. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 5. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Federal program identified as major program: | |

Assistance Listing

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition cluster

- | | |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | No |
| 10. Prior fiscal year audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No |

Section II: Financial Statement Findings

The results of my tests did not disclose any findings related to the financial statements that are required to be reported under the *Government Auditing Standards*.

Section III: Federal Award Findings and Questioned Costs

The results of my tests did not disclose any findings and questioned costs related to the federal awards.

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